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SENATE BILL 2734 By  
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HOUSE BILL 2446  
By Head

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 4,  
to enact the Tennessee Millennium Trust.

WHEREAS, in December of 1998, Tennessee joined in the historic Attorneys General Master  
Tobacco Settlement Agreement; and

WHEREAS, this agreement provides for the payment to Tennessee of almost five billion dollars  
(\$5,000,000,000) over a twenty-five-year period ending in 2025; and

WHEREAS, this amount represents around two-thirds (2/3) of the state tax revenue for the  
1998/1999 fiscal year, and is obviously an unparalleled, unique occurrence; and

WHEREAS, this unprecedented windfall should be safeguarded for future generations of  
Tennesseans and not frittered away on normal expenses of government or expended on  
unsustainable programs or projects, nor supersede Tennessee's tradition of careful  
management of public resources and expenditures; and

WHEREAS, the burden of absorbing a disproportionate amount of health care costs has been  
shifted to certain health care providers with either inadequate or no reimbursement; and

WHEREAS, farmers in Tennessee have been and will continue to shoulder a substantial  
financial impact by the reduction or elimination of acreage for production of tobacco; and

WHEREAS, the most prudent and beneficial use of this long-term, but finite, resource is to place the payments in trust and expend only the resulting income; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the Tennessee Millennium Trust Act.

SECTION 2. There is hereby established within the state treasury a special trust fund to be known as the "Tennessee Millenium Trust".

SECTION 3. Funds in the Tennessee Millennium Trust established by this act shall be invested by the state treasurer pursuant to policy guidelines, established by resolution of the funding board established by § 9-9-101, within the laws, guidelines and policies which govern investments of the Tennessee consolidated retirement system.

SECTION 4. All funds received by the state of Tennessee under the Attorneys General Master Tobacco Settlement Agreement shall be deposited in the Tennessee Millennium Trust. These payments shall constitute the principal of the trust and shall not be expended or appropriated for any purpose nor shall any portion of such principal be proposed or recommended by the governor for expenditure in the budget document, appropriations bill, or otherwise.

SECTION 5. Reasonable and necessary expenses of administration of the Tennessee Millennium Trust may be paid from interest or income received on the principal of the trust. Any other expenditure of interest or income from the principal of the trust shall be made through specific appropriations in each general appropriations act, as determined by the general assembly.

SECTION 6. (a) From the interest accumulated from the corpus of the Millennium Trust, fifty percent (50%) of such interest shall be available for grant to health care providers to offset losses incurred in providing health care services on behalf of persons enrolled in the

programs pursuant to Title 71, Chapter 5. It shall be the responsibility of the department of health to develop guidelines for such eligibility.

(b) The remaining fifty percent (50%) accumulated interest shall be used to assist agriculture related purposes in accordance with guidelines established by the department of agriculture. Such assistance may include, but is not limited to:

(1) Community incubator programs for tobacco-dependent communities.

(2) Studies on the economic consequences of the elimination of quotas and the potential for alternative cash crops and other matters that affect tobacco growers.

(3) Indemnify tobacco farmers for the decline or elimination of tobacco quotas.

(c) These funds shall not be used to supplant current funding to assist health care providers and agriculture related purposes.

SECTION 7. The state treasurer is authorized to promulgate rules and regulations necessary to perform the state treasurer's responsibilities under this part.

SECTION 8. Sections 1 through 7 of this act shall be codified as a new part of Tennessee Code Annotated, Title 9, Chapter 4.

SECTION 9. This act shall take effect upon becoming a law, the public welfare requiring it.